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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

CIA No. 9326/74

6 November 1974

MEMORANDUM FOR: Mr. James Eighmie
INR/RNA
Department of State

SUBJECT : The Role of Morocco and Spanish Sahara
in the World Phosphate Rock Market

1. Attached, in response to your request of
30 October, is an assessment of the role of Morocco and
Spanish Sahara in the world phosphate rock market.

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2. If we can be of further assistance on this or
any related matter, please

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Attachment:
As stated.

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ATTACHMENT

The Role of Morocco and Spanish Sahara
In the World Phosphate Rock Market

Conclusions

. Morocco and Spanish Sahara will account for about 27 percent of world production of phosphate rock in 1980, compared with 17 percent in 1973.

. Morocco and Spanish Sahara will supply about one-half of world exports of phosphate rock in 1980, compared with about one-third in 1973.

. Morocco and Spanish Sahara will supply over 70 percent of Western Europe's imports of phosphate rock in 1980, compared with 47 percent in 1973.

. At current prices, exports of phosphate rock from Morocco and Spanish Sahara will be worth \$2.2-\$2.7 billion in 1980, compared with \$250 million in 1973.

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Current Production

Morocco is the world's third largest producer of phosphate rock. Production amounted to 15.5 million tons in 1973, compared with US and Soviet production of 37.4 million tons and 21.3 million tons respectively in that year. Spanish Sahara produced 696,000 tons in 1973. Production of phosphate rock in Morocco and Spanish Sahara will increase to an estimated 21.5 million tons in 1974, 32 million tons in 1978 and 44 million tons in 1980. In the latter year, Morocco and Spanish Sahara will account for about 27 percent of world production of phosphate rock, compared with 17 percent in 1973 (see table).

World Production of Phosphate Rock
(thousand metric tons)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1978</u>	<u>1980</u>
World	89,231	96,760	108,000	151,000	165,000
Morocco	14,468	15,564	19,000	26,000	32,000
Spanish Sahara	150	696	1,500	6,000	12,000
% of Total	.16	.17	.19	.21	.27

SOURCE: Statistical Supplement, British Sulfur Corporation, June 1974. Data for 1978-1980 from the Phosphate Rock Export Association, reprinted in Chemical and Engineering News, 24 June 1974.

Current Trade

Morocco is the world's largest exporter of phosphate rock. Exports amounted to 16 million tons in 1973,* or about one-third of the phosphate rock moving in international trade in that year. The U.S. and the USSR are the world's second and third largest exporters of phosphate rock with shipments of 12.6 million tons and 6.5 million tons respectively in 1973. Spanish Sahara started to export phosphate rock in 1972 and increased shipments from 73,000 tons in that year to 696,000 tons in 1973. Western Europe, which is totally dependent on imported phosphate rock, purchases about two-thirds of the phosphate rock exported by Morocco and Spanish Sahara. In 1973, it imported about 22.6 million tons of which 10.6 million tons were supplied by Morocco and Spanish Sahara.

Reserves

Morocco's proved reserves of phosphate rock with a BPL** content of more than 70 percent are estimated at 50 billion tons, roughly 400 years supply at the world's current annual rate of consumption. The major deposits

* Morocco reduced inventories of phosphate rock by about 450,000 tons in 1973.

** BPL -- the Bone Phosphate of Lime is a measurement of the quality of the phosphate rock.

are located near Khourigba and Youssoufia. New deposits of high grade phosphate rock are located near Ben Guerir and Sidi Hajjij and are scheduled for exploitation in the late 1970's. Proved reserves of phosphate rock in Spanish Sahara, located near Fos Bu Craa, are estimated at 1.7 billion tons to 2.0 billion tons. These deposits contain rock with a BPL content of more than 90 percent and are considered to be among the richest deposits in the world. Spanish Sahara's proved reserves probably will increase substantially as a result of extensive geological prospecting now underway throughout the country.

Export Prices

As the world's largest exporter of phosphate rock, Morocco can strongly influence world prices of phosphate rock and phosphate fertilizer. Other African exporters of phosphate rock, such as Togo, Senegal and Tunisia have been following Morocco's lead and have announced that their future export prices would be based on Morocco's. Since January 1974, Morocco has increased the price of phosphate rock from \$14 per ton to \$63. U.S. exporters followed suit increasing prices from \$15 per ton to \$60. Morocco has announced that its export price will increase by an additional 19 percent to \$75 per ton in January 1975, and other

exporters almost certainly will follow its lead.

The cost of phosphate rock accounts for about one-third of the cost of producing phosphoric acid, the principal ingredient used to make phosphate fertilizer. Phosphate rock prices have been the major factor in the spiraling cost of important phosphate fertilizers, such as diammonium phosphate and triple superphosphate now selling routinely for \$450 per ton, compared with \$115-\$140 per ton in January 1974.

Prospects

Morocco is engaged in a major program to increase the production of phosphoric acid, as well as phosphate rock. New phosphoric acid plants, under construction and planned, will increase Morocco's production of phosphoric acid from 130,000 tons in 1973 to about 1 million tons in 1978 and 2 million tons in 1980 (see table). By the latter year, about two-thirds of Morocco's production of phosphoric acid will be earmarked for export.

New Moroccan Phosphoric Acid Plants

<u>Name</u>	<u>Location</u>	<u>Capacity (Metric Tons)</u>	<u>Scheduled Start-up</u>
Maroc-Chimie	Safi	32,000	1975
Maroc-Phosphore	Safi	330,000	1976
Maroc-Phosphore	Safi	165,000	1977
Maroc-Phosphore	Safi	495,000	1978
Maroc-Phosphore	Unknown	990,000	1980

Domestic use of phosphate rock in Morocco will increase from about 400,000 tons in 1973 to 3 million tons in 1978 and 6 million tons in 1980.* Despite sharply increased domestic requirements, Morocco's exportable surplus of phosphate rock probably will increase to 17.5 million tons in 1974, 22 million tons in 1978 and 26 million tons in 1980. The exportable surplus of phosphate rock from Spanish Sahara will increase to about 1.5 million tons in 1974, 6 million tons in 1978 and 10 million tons in 1980. Spanish Sahara has no plans to develop domestic phosphoric acid or phosphate fertilizer production. Total exports of phosphate rock from Morocco and Spanish Sahara probably will amount to 36 million tons in 1980. We estimate that these exports will account for about one-half of world trade in phosphate rock in 1980,

* Three tons of phosphate rock are usually required to produce one ton of phosphoric acid.

compared with 32 percent in 1973 (see table). At current prices, exports of phosphate rock from Morocco and Spanish Sahara will be worth \$2.2 billion-\$2.7 billion in 1980, compared with \$250 million in 1973.

World Exports of Phosphate Rock
(thousand metric tons)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1978</u>	<u>1980</u>
World	43,443	48,811	52,400	66,100	74,300
Morocco	13,559	16,014	17,500	22,000	26,000
Spanish Sahara	73	655	1,400	6,000	10,000
Percent of Total	.32	.34	.36	.42	.49

Source: Statistical Supplement, British Sulfur Corporation, 24 June 1974.

Impact on Western Europe

Western Europe, the world's largest importer of phosphate rock, will become more heavily dependent on Morocco and Spanish Sahara for supplies of phosphate rock during 1974-1980. The United States and the USSR currently supply about 30 percent of Western Europe's requirements, but shipments from the United States and the USSR are expected to decrease during 1974-1980 as a result of sharply rising domestic consumption. We estimate that demand for phosphate rock in Western Europe will increase from 22.6 million tons in 1973 to 33 million tons in 1980. Exports from Morocco and Spanish Sahara

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probably will increase from 10.6 million tons in 1973 (47 percent of total imports) to 24 million tons in 1980 (72 percent of total imports). Western Europe's import bill from Morocco and Spanish Sahara will reach an estimated \$1.8 billion in 1980, compared with \$160 million in 1973.

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Morocco exported 3.1 million tons of phosphate rock to Eastern Europe in 1973, or about 20 percent of total Moroccan exports in that year. Morocco recently concluded trade agreements with Poland and Hungary calling for total exports of 9.8 million tons of phosphate rock during 1975-1980. Morocco will export 1.4 million tons of phosphate rock to Poland annually during 1975-1980. Poland will ship 530,000 tons of sulfur annually to Morocco in return. Morocco will increase exports of phosphate rock to 1.8 million tons annually after 1980. The agreement with Hungary calls for the export of 230,000 tons of phosphate rock per year during 1975-1980. No further details are available on this agreement.

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